

AMENDED IN SENATE MARCH 2, 2000
AMENDED IN ASSEMBLY JANUARY 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 943

Introduced by Assembly Member Dutra
(Principal coauthor: Assembly Member Steinberg)

February 25, 1999

~~An act to repeal Sections 8855.5, 8855.7, and 8855.8 of the Government Code, and to amend Sections 33760, 34312.3, and 52097.5 of, and to repeal Section 52045 of, the Health and Safety Code, relating to housing. An act to amend Section 8855 of the Government Code, relating to the California Debt and Investment Advisory Commission.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 943, as amended, Dutra. ~~Mortgage revenue bonds; reports—~~California Debt and Investment Advisory Commission.

(1) Existing law establishes a 9-member California Debt and Investment Advisory Commission and prescribes the duties of that commission, including the requirement that the commission collect, maintain, and provide comprehensive information on all state and all local debt authorization, sold and outstanding. It requires the commission to prepare an annual report compiling and detailing the total amount of outstanding state and local public debt and examining recent trends in the composition of that debt.

Existing law requires the treasurer or chief fiscal officer of a local agency to render annually a statement of investment policy to the legislative body of the local agency, as well as to any oversight committee. This officer is also required to render quarterly reports regarding the financial assets of the local agency to the legislative body, the chief executive officer, and the internal auditor.

This bill would additionally require each city, county, or city and county to submit copies of its 2nd and 4th quarterly reports, as well as the statement of investment policy, to the California Debt and Investment Advisory Commission. These reporting requirements would impose new duties on local agencies and therefore would impose a state-mandated local program.

This bill would require the commission to collect, maintain, and provide information on local agency investments of public funds and to receive local government investor portfolio information. It would also require the commission to report to the Legislature by May 1, 2006, its activities since the inception of the local agency investment reporting program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

~~Existing law requires public agencies and nonprofit corporations that issue mortgage revenue bonds to file specified reports with the California Debt Advisory Commission. No public agency or nonprofit corporation subject to this requirement may issue any bonds subject to the requirement until the Treasurer certifies that the public agency or nonprofit corporation has filed the information with the commission. The commission is required to compile and~~

~~summarize the information contained in the reports and issue that summary to the Legislature and the Legislative Analyst.~~

~~This bill would repeal these provisions.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

~~SECTION 1. Section 8855.5 of the Government Code~~

SECTION 1. Section 8855 of the Government Code is amended to read:

8855. (a) There is created the California Debt and Investment Advisory Commission, consisting of nine members, selected as follows:

(1) The Treasurer, or his or her designee.

(2) The Governor or the Director of Finance.

(3) The Controller, or his or her designee.

(4) Two local government finance officers appointed by the Treasurer, one each from among persons employed by a county and by a city or a city and county of this state, experienced in the issuance and sale of municipal bonds and nominated by associations affiliated with these agencies.

(5) Two Members of the Assembly appointed by the Speaker of the Assembly.

(6) Two Members of the Senate appointed by the Senate Committee on Rules.

(b) (1) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the appointing power. In case of a vacancy for any cause, the appointing power shall make an appointment to become effective immediately for the unexpired term.

(2) Any legislators appointed to the commission shall meet with and participate in the activities of the commission to the extent that the participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute a joint interim legislative committee on the subject of this chapter.

1 (c) The Treasurer shall serve as chairperson of the
2 commission and shall preside at meetings of the
3 commission. The commission, on or after January 1, 1982,
4 and annually thereafter, shall elect from its members a
5 vice chairperson and a secretary who shall hold office
6 until the next ensuing December 31 and shall continue to
7 serve until their respective successors are elected.

8 (d) Appointed members of the commission shall not
9 receive a salary, but shall be entitled to a per diem
10 allowance of fifty dollars (\$50) for each day's attendance
11 at a meeting of the commission not to exceed three
12 hundred dollars (\$300) in any month, and
13 reimbursement for expenses incurred in the
14 performance of their duties under this chapter, including
15 travel and other necessary expenses.

16 (e) The commission shall do all of the following:

17 (1) Assist all state financing authorities and
18 commissions in carrying out their responsibilities as
19 prescribed by law, including assistance with respect to
20 federal legislation pending in Congress.

21 (2) Upon request of any state or local government
22 units, to assist them in the planning, preparation,
23 marketing, and sale of new debt issues to reduce cost and
24 to assist in protecting the issuer's credit.

25 (3) Collect, maintain, and provide comprehensive
26 information on all state and all local debt authorization,
27 sold and outstanding, and serve as a statistical
28 clearinghouse for all state and local debt issues. This
29 information shall be readily available upon request by any
30 public official or any member of the public.

31 (4) Maintain contact with state and municipal bond
32 issuers, underwriters, credit rating agencies, investors,
33 and others to improve the market for state and local
34 government debt issues.

35 (5) Undertake or commission studies on methods to
36 reduce the costs and improve credit ratings of state and
37 local issues.

38 (6) Recommend changes in state laws and local
39 practices to improve the sale and servicing of state and
40 local debts.

(7) Establish a continuing education program for local officials having direct or supervisory responsibility over municipal investments, and undertake other activities conducive to the disclosure of investment practices and strategies for oversight purposes.

(8) Collect, maintain, and provide information on local agency investments of public funds for local agency investment to promote the best investment practices and policies.

(f) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second and fourth quarters of each calendar year, shall provide the quarterly reports required pursuant to Section 53646 and, no later than 60 days after the close of the quarter of each calendar year and 60 days after the subsequent amendment thereto, provide the statement of investment policy required pursuant to Section 53646, to the commission by mail, postage prepaid, or by any other method approved by the commission. The commission shall collect these reports to further its educational responsibilities and to promote best investment practices as described under subdivision (e). The commission shall not be considered to have any fiduciary duty with respect to any local agency income report received under this subdivision. In addition, the commission shall not have any legal liability with respect to these investments.

(g) The commission may adopt bylaws for the regulation of its affairs and the conduct of its business.

~~(g)~~

(h) The issuer of any proposed new debt issue of state or local government shall, no later than 30 days prior to the sale of any debt issue at public or private sale, give written notice of the proposed sale to the commission, by mail, postage prepaid. This subdivision shall also apply to any nonprofit public benefit corporation incorporated for the purpose of acquiring student loans.

~~(h)~~

(i) The notice shall include the proposed sale date, the name of the issuer, the type of debt issue, and the

1 estimated principal amount thereof. Failure to give this
2 notice shall not affect the validity of the sale.

3 ~~(i)~~

4 (j) The issuer of any new debt issue of state or local
5 government, not later than 45 days after the signing of the
6 bond purchase contract in a negotiated or private
7 financing, or after the acceptance of a bid in a
8 competitive offering, shall submit a report of final sale to
9 the commission by mail, postage prepaid, or by any other
10 method approved by the commission. A copy of the final
11 official statement for the issue shall accompany the report
12 of final sale. The commission may require information to
13 be submitted in the report of final sale that it considers
14 appropriate.

15 ~~(j)~~

16 (k) The commission shall publish a monthly
17 newsletter describing and evaluating the operations of
18 the commission during the preceding month.

19 ~~(k)~~

20 (l) The commission shall meet on the call of the
21 chairperson, or at the request of a majority of the
22 members, or at the request of the Governor. A majority
23 of all nonlegislative members of the commission
24 constitutes a quorum for the transaction of business.

25 ~~(l)~~

26 (m) All administrative and clerical assistance required
27 by the commission shall be furnished by the office of the
28 Treasurer.

29 (n) *The commission, no later than May 1, 2006, shall*
30 *report to the Legislature describing its activities since the*
31 *inception of the local agency investment reporting*
32 *program regarding the collection and maintenance of*
33 *information on local agency investment practices and*
34 *how the commission uses that information to fulfill its*
35 *statutory goals promoting the best investment practices*
36 *and policies.*

37 SEC. 2. *Notwithstanding Section 17610 of the*
38 *Government Code, if the Commission on State Mandates*
39 *determines that this act contains costs mandated by the*
40 *state, reimbursement to local agencies and school*

1 *districts for those costs shall be made pursuant to Part 7*
2 *(commencing with Section 17500) of Division 4 of Title*
3 *2 of the Government Code. If the statewide cost of the*
4 *claim for reimbursement does not exceed one million*
5 *dollars (\$1,000,000), reimbursement shall be made from*
6 *the State Mandates Claims Fund.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, January 3, 2000 (JR 11)**

